

Grade 8 Argumentative Performance Task:

Penny

Task:

In recent years, a heated debate has emerged about money in the United States. This particular debate is not about big economic issues, though. Surprisingly, it is about the economic pros and cons of producing and using pennies.

The controversies surrounding the production and continued use of pennies is one of the topics that will be part of an upcoming website project for your history class. As part of your initial research, you have uncovered four sources about the historical and economic impact of the penny.

After you have reviewed these sources, you will answer some questions about them. Briefly scan the sources and the three questions that follow. Then, go back and read the sources carefully so you will have the information you will need to answer the questions and finalize your research.

In Part 1, you will answer questions about the reading passages. In Part 2, you will write an argumentative essay using information you have read.

Directions for Beginning:

You will now examine several sources. You can re-examine any of the sources as often as you like.

Research Questions:

After examining the research sources, use the remaining time in Part 1 to answer three questions about them. Your answers to these questions will be scored. Also, your answers will help you think about the information you have read and reviewed, which should help you write your argumentative essay.

Answer the questions in the spaces below the items.

Both the Global Notes on the computer and your written notes on scratch paper will be available to you in Part 1 and Part 2 of the performance task.

Sources for Performance Task:

Source #1

The following article is from the *New York Times*, published on April 7, 2012.

Penny Wise, or 2.4 Cents Foolish?

by Jeff Sommer

The news from north of the border is both trivial and unsettling: they won't be making shiny new pennies in Canada anymore.

The government in Ottawa has made this decision after years of deliberation,¹ for reasons that would seem to apply equally well in the United States. "Pennies take up too much space on our dressers at home," Jim Flaherty, the Canadian finance minister,² said in a speech last month. A persuasive government brochure put it this way: "We often store them in jars, throw them away in water fountains, or refuse them as change."

Pennies cost more to produce than they are worth. [T]hey are worth so little that many Canadians don't bother to use them at all. . . .

Do we really need pennies?

The Canadian government doesn't think so. By the fall, it plans to stop minting them and stop distributing them through banks. It won't actually ban them, though. Some people have grown so attached to pennies—a penny saved is a penny earned, after all—that they may want to keep using them indefinitely, and they can, the Canadian government says.

But those who can bear to part with their pennies are being encouraged to bring them to banks for eventual melting or to donate them to charities that will presumably bring them in for melting. Electronic transactions will continue to include cents, while retail sales will be rounded up or down.

Inflation³ is sometimes cited as a threat whenever small coins are phased out. A \$2.01 cup of coffee should be rounded down to \$2, while \$2.03 should become \$2.05, for example, but retailers in the real world might raise prices more than lower them. That could cause a small, one-time inflation burst, says François Velde, an expert on the history of small change and a senior economist at the Federal Reserve Bank of Chicago who is working this year at the Bank of France..

"But in a competitive market, you might well see price decreases," says Mr. Velde. "In a place like New York, a 99-cent price of pizza might go down to 95 cents rather than \$1 to avoid crossing that higher price threshold." Over all and over time, there should be no net price effect, he says.

He finds the argument for phasing out the penny to be at least as strong in the United States as in Canada because the two nations' small coins, political history, and socioeconomic culture have so much in common. "That's what makes the

Canadian decision a little unsettling," he says. "Their pennies even look a lot like ours."

In the United States, the mint says, each zinc and copper coin costs 2.41 cents to produce and distribute. It costs 1.6 Canadian cents to make a penny at the mint in Winnipeg, according to Canadian government figures. (A Canadian cent is worth about 0.99 cents at the current exchange rate.) "From the standpoint of economics, that's just a total waste of money," Mr. Velde says.

Pennies may not be big money, even if you add them together. But we are paying a cost for the privilege of squirreling them away in drawers and on dressers. The United States government—that is, the taxpayers—lost \$60.2 million on the production and distribution of pennies in the 2011 fiscal year, the mint's budget shows, and the losses have been mounting: \$27.4 million in 2010, and \$19.8 million in 2009.

A number of countries, including Australia, New Zealand, Brazil, Finland, the Netherlands, Norway, Sweden, Switzerland and Britain, have already dropped their lowest-denominated coins, without dire consequences.

What is to be done in the United States? The mint defers to Congress, and Congress hasn't told it to abolish the penny. Lawmakers have directed the mint to study ways to make small coins more cheaply. Mike White, a spokesman for the mint, says a report will be completed in December. . . .

At the very least, a change in the composition of the American penny seems likely.

In 1982, Congress authorized the Treasury to make such a change, and it did. Before then, pennies were 95 percent copper and 5 percent zinc. . . . Pennies manufactured since have been copper-plated zinc, with zinc making up 97.5 percent of the coin and copper only 2.5 percent. Steel, which was used in pennies in World War II, could be substituted next.

But why stop at the penny? It's not the only American coin that costs more than it's worth. Each nickel costs 11.18 cents to produce and distribute, the mint says, at a loss to taxpayers of \$56.5 million in the last fiscal year. In its 2013 budget proposal, the Obama administration has asked for authority to alter the composition of the nickel, too. . . .

"The whole situation is ridiculous," Mr. Velde says. ". . . The serious, simple solution is to do away with the penny."

A penny for your thoughts?

¹ deliberation: discussion or debate

² Canadian finance minister: responsible for presenting the Canadian government's budget each year and helping to determine the funding levels for government departments

³ Inflation: causing prices to increase

Source used:

Sommer, J. (2012, April 7). Penny Wise, or 2.4 Cents Foolish? *New York Times*. Retrieved from: http://www.nytimes.com/2012/04/08/your-money/canada-drops-the-penny-but-will-the-us.html?_r=0.

Source #2

The following is a newspaper article published in December 2012.

Is the Penny Worth It?

by Rachel Mancuso

The United States Department of Defense doesn't think so. For over 30 years, pennies haven't been used on foreign military bases. Pennies are "too heavy and are not cost-effective¹ to ship," according to Chris Ward, a spokesman for the Army and Air Force Exchange Service. This idea is the topic of much discussion lately, and the U.S. Congress is considering eliminating the penny from the United States currency system.

On foreign military bases, instead of using pennies, the shops and restaurants round to the nearest 5-cents. For example, if a lunch bill comes out to \$9.06, it would be rounded down to \$9.05. If it was \$9.09, it would be rounded up to \$9.10.

The rounding system seems to work well for the military, and some experts such as Harvard professor N. Gregory Mankiw want to do the same in the entire United States. Some people fear that rounding will end up costing people extra money. Mark Weller, Americans for Common Cents spokesperson, claims that stores will not choose to round their prices down. He claims that what he calls the "rounding tax" will cost consumers \$600 million per year. Dr. Robert Whaples, a professor at Wake Forest, disagrees and does not think the economic impact of eliminating pennies will be significant.

Not only does he believe that it will have an insignificant impact on prices, but Whaples seems to think that eliminating the penny will save time too. He asserts that this time saved is even more valuable than eliminating a potential impact on rounding prices. His study says that the time wasted counting pennies could add up to over \$700 million per year nationwide. To a retail business, time is money because many retail businesses pay their employees by the hour. If the retail clerk and customer spend just 2.5 seconds per transaction counting pennies, those seconds add up. Those seconds add up to an estimated \$700 million in wages that businesses pay retail clerks to count pennies.

Not everyone agrees that the penny should be totally eliminated. Many argue that price rounding cannot be done fairly and that finding a way to make pennies cheaper is a better approach. Steel, which was used to make pennies during World

War II, would be a cheaper alternative. No matter what your stance, the penny debate is real, and the United States has to make a decision one way or the other.

¹ cost-effective: producing desirable results without costing a lot of money

Sources used:

Fund, J. (2012, April 2). Penny anti. *National Review Online*. Retrieved from: <http://www.nationalreview.com/articles/294956/penny-anti-john-fund#!>.

Susman, T. (2008, December 11). IRAQ: Pennies vs. POGs. *Los Angeles Times*. Retrieved from: <http://latimesblogs.latimes.com/babylonbeyond/2008/12/iraq-pennies-vs.html>.

Congressional Record. 107th Cong. 32 (2002). Retrieved from: <http://www.gpo.gov/fdsys/pkg/CREC-2002-03-19/pdf/CREC-2002-03-19.pdf>.

Whaples, R. (2007, Winter). Time to eliminate the penny from the U.S. coinage system: New evidence. *Eastern Economic Journal*, 33 (1), 139-146. Retrieved from: http://college.holycross.edu/RePEc/eej/Archive/Volume33/V33N1P139_146.pdf.

Source #3

The following newspaper article examines the efforts of one school to use pennies to help a worthy cause.

Give a Penny—Save the Day! by Ted Waterhouse

Last week, Washington Middle School (WMS) hosted its annual Penny Drive for Charity. Students from every grade brought in bags and jars of pennies, and, with everyone's assistance, they raised over \$3000 in one week!

This amazing effort was made possible due to the power of the penny. Many people do not see the value in the penny, and they feel as though pennies are not worth the trouble of carrying them around.

Pennies might be a little bulky, but they add up; moreover, because they are worth so little, people don't mind donating them to charity. Students at WMS found that out for themselves last week.

If the school had organized a dime or a quarter drive, they probably would not have raised as much money. As Michael Cooper, an eighth grader, said, "If you asked for my quarters, I would have said 'no' because I use them for video games. Pennies don't really matter much, so I was happy to give them to someone who could use them." Many other students I spoke with echoed Michael's words.

Bottom line: A penny is not worth much by itself, but as WMS found out, there is power in numbers. When people put all their pennies together for a good cause, they can add up quickly, and they can truly help a good cause. So if you don't see much value in a penny, WMS can put it to good use!

Sources used:

DeLee, D. (n.d.). Benefits of keeping the penny. Retrieved from: http://www.ehow.com/about_7554031_benefits-keeping-penny.html.

Harter, G. (2004, July 30). The penny should stay. Retrieved from: <http://silverchips.mbhs.edu/story/3718>.

Source #4

The following article from a general interest magazine published in 2014 explores some of the changes the penny has gone through.

The Ever-Changing Penny by Maria Story

The one-cent piece, commonly referred to as the "penny," has been a part of United States history for over two hundred years. Its design has changed twenty-one times. History also shows that as the economy has changed, so has the value of the coin.

The first pennies, minted until 1857, were very large—larger than our modern day quarter and had different images of the Statue of Liberty on the front. People did not really like how big they were. Several other versions of the coin were minted before finally producing the familiar Lincoln penny in 1909. Since then, ten varieties have been minted, mostly because of changes in metal content. Changing metal content was important to try to reduce production costs.¹ The U.S. Mint is still exploring additional designs and different, more cost effective, metal compositions for the penny.

The history of a penny reveals more than just a coin—it exposes a piece of American culture. The one-cent piece has influenced our language, giving us a number of idioms², such as "a penny for your thoughts" (a way to ask what someone is thinking) and "not one red cent" (meaning no money at all). The coin also gave rise to the terms like "penny candy" (a piece of candy sold for a cent) and "penny arcade" (an amusement center with machines that cost one cent to operate).

Despite its cultural influences the penny is currently under attack. The reason? Because making money also costs money. In 2011, it cost the U.S. Mint more than 2.4 cents to produce one penny. This has led many to argue that the penny is inflating the economy and should be eliminated. However, what many people fail to also consider is that the nickel, too, costs more to produce than it is worth. In 2011, the cost for the U.S. Mint to produce a nickel was over eleven cents. Even though production costs are slightly lower today, the penny still costs the U.S. just over 1.8 cents to produce. The nickel's cost is currently 9.4 cents.

The history of the American penny is a curious one. How long it will remain a part of our spending currency is yet to be determined.

¹ production costs: costs of the materials and labor needed to manufacture something

² idiom: a word or phrase that means something different from its usual meaning

Sources used:

U.S. Mint. (n.d.). One-cent coin (Penny). Retrieved from: <http://www.usmint.gov/kids/coinnews/circulating/01centcoin.cfm>.

Coin Collecting Guide for Beginners. (n. d.). Lincoln cents. Retrieved from: <http://www.coin-collecting-guide-for-beginners.com/lincoln-cents.html>.

Yglesias, M. (2012, April 3). No pennies for your thoughts. *Slate*. Retrieved from: http://www.slate.com/articles/business/moneybox/2012/04/abolish_the_penny_the_united_states_should_follow_canada_s_lead_and_ditch_one_cent_coins_.html.

Zielinski, M. (2014, January 20). U.S. Mint cost to make penny and nickel declines in FY 2013. *Coin Update*. Retrieved from: <http://news.coinupdate.com/us-mint-cost-to-make-cent-and-nickel-declines-3113/>.

U.S. Mint. (n.d.). Cent. Retrieved from: http://www.usmint.gov/mint_programs/circulatingCoins/?action=CircPenny.

Part 1: ASSESSMENT ITEMS

1. Source #4 describes how some people want to eliminate the penny from the United States' economy. Explain how the information in Source #2 adds to the reader's understanding of the potential effects of eliminating pennies in the United States. Give **two** details from Source #2 to support your explanation.
2. All of the sources provide information about the penny. Which source would **most likely** be relevant to students researching the ways to reduce the cost of producing the penny? Justify your answer and support it with **two** pieces of information from the sources.
3. Look at the claims in the table. Decide if the information in Source #3, Source #4, both sources, or neither source supports each claim. Click on the box that identifies the source that supports each claim. There will be only one box selected for each claim.

	Source #3: Give a Penny - Save the Day	Source #4: The Ever-Changing Penny	Both	Neither
The penny has more value than what it can buy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rounding price totals will cause an increase in prices.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The low value of a penny is a good thing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Changing the metals in the penny is a possible solution for people who want to keep the penny	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 2: Penny Argumentative Performance Task

4. Student Directions

You will now review your notes and sources, and plan, draft, revise, and edit your writing. You may use your notes and refer to the sources. Now read your assignment and the information about how your writing will be scored; then begin your work.

Your Assignment:

As a contribution to the website your history class is creating, you decide to write an argumentative essay that addresses the issues surrounding the penny. Your essay will be displayed on the website and will be read by students, teachers, and parents who visit the website.

Your assignment is to use the research sources to write a multi-paragraph argumentative essay either for or against the continued production of the penny in the United States. Make sure you establish an argumentative claim, address potential counterarguments, and support your claim from the sources you have read. Develop your ideas clearly and use your own words, except when quoting directly from the sources. Be sure to reference the sources by title or number when using details or facts directly from the sources.

Argumentative Essay Scoring:

Your argumentative essay will be scored using the following:

- 1. Organization/purpose:** How well did you state your claim, address opposing claims, and maintain your claim with a logical progression of ideas from beginning to end? How well did your ideas thoughtfully flow from beginning to end using effective transitions? How effective was your introduction and your conclusion?
- 2. Evidence/elaboration:** How well did you integrate relevant and specific information from the sources? How well did you elaborate your ideas? How well did you clearly state ideas in your own words using precise language that is appropriate for your audience and purpose? How well did you reference the sources you used by title or number?
- 3. Conventions:** How well did you follow the rules of grammar usage, punctuation, capitalization, and spelling?

Now begin work on your argumentative essay. Manage your time carefully so that you can

1. Plan your multi-paragraph argumentative essay.
2. Write your multi-paragraph argumentative essay.
3. Revise and edit the final draft of your multi-paragraph argumentative essay.

For Part 2, you are being asked to write a multi-paragraph argumentative essay, so please be as thorough as possible.

Remember to check your notes and your prewriting/planning as you write and then revise and edit your argumentative essay.

(Students will be provided with space to answer this question.)